

Test Scenario #3

Primary Taxpayer: **Test J. Caesar**
SSN: 400-00-**4215**

Spouse's Name: Cleo P. Caesar
SSN: 400-00-4265

Filing Status: 3-Married, filing joint return

Family Size: 4

Refund – Direct Deposit

Test Scenario #3 includes the following forms:

- Form 740
- Schedule A
- Form 8863-K
- Form 8879-K

Supporting forms:

- Form 1040
- Form W-2

Special Instructions:

- Itemizing Deductions
- Education Credit (limitation change)

740

42A740

Department of Revenue

KENTUCKY
INDIVIDUAL INCOME TAX RETURN
Full-Year Residents OnlyKentucky
UNBROKEN SPIRIT
2012

For calendar year or other taxable year beginning _____, 2012, and ending _____, 20____.

A. Spouse's Social Security Number	B. Your Social Security Number
_____	_____
Name—Last, First, Middle Initial (Joint or combined return, give both names and initials.)	
Mailing Address (Number and Street including Apartment Number or P.O. Box)	
City, Town or Post Office	State ZIP Code

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FILING STATUS (see instructions)

- 1 ☐ Single
- 2 ☐ Married, filing separately on this combined return. (If both had income.)
- 3 ☐ Married, filing joint return.
- 4 ☐ Married, filing separate returns. Enter spouse's Social Security number above and full name here. _____

POLITICAL PARTY FUND

Designating \$2 will not change your refund or tax due.

- | | | |
|-----------------------|------------------------------|------------------------------|
| | A. Spouse | B. Yourself |
| Democratic | (1) <input type="checkbox"/> | (4) <input type="checkbox"/> |
| Republican | (2) <input type="checkbox"/> | (5) <input type="checkbox"/> |
| No Designation | (3) <input type="checkbox"/> | (6) <input type="checkbox"/> |

INCOME/TAX

	A. Spouse (Use if Filing Status 2 is checked.)	B. Yourself (or Joint)
5 Enter amount from federal Form 1040, line 37; 1040A, line 21 or 1040EZ, line 4. (If total of Columns A and B is \$30,657 or less, you may qualify for the Family Size Tax Credit. See instructions.)	00	00
6 Additions from Schedule M, line 8	00	00
7 Add lines 5 and 6	00	00
8 Subtractions from Schedule M, line 20	00	00
9 Subtract line 8 from line 7. This is your Kentucky Adjusted Gross Income	00	00
10 Itemizers: Enter itemized deductions from Kentucky Schedule A. Nonitemizers: Enter \$2,290 in Columns A and/or B	00	00
11 Subtract line 10 from line 9. This is your Taxable Income	00	00
12 Enter tax from Tax Table, Computation or Schedule J. Check if from Schedule J <input type="checkbox"/>	00	00
13 Enter tax from Form 4972-K <input type="checkbox"/> ; Schedule RC-R <input type="checkbox"/>	00	00
14 Add lines 12 and 13 and enter total here	00	00
15 Enter amounts from page 3, Section A, lines 22A and 22B	00	00
16 Subtract line 15 from line 14. If line 15 is larger than line 14, enter zero	00	00
17 Enter personal tax credit amounts from page 3, Section B, lines 4A and 4B	00	00
18 Subtract line 17 from line 16. If line 17 is larger than line 16, enter zero	00	00
19 Add tax amount(s) in Columns A and B, line 18 and enter here		00
20 Check the box that represents your total family size (see instructions before completing lines 20 and 21)		1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/>
21 Multiply line 19 by Family Size Tax Credit decimal amount ____ (____%) and enter here		00
22 Subtract line 21 from line 19		00
23 Enter the Education Tuition Tax Credit from Form 8863-K		00
24 Subtract line 23 from line 22		00
25 Enter Child and Dependent Care Credit from federal Form 2441, line 9 x 20% (.20)		00
26 Income Tax Liability. Subtract line 25 from line 24. If line 25 is larger than line 24, enter zero		00
27 Enter KENTUCKY USE TAX due on Internet, mail order, or other out-of-state purchases (see instructions)		00
28 Add lines 26 and 27. Enter here and on page 2, line 29		00

Attach Form W-2(s), Other Supporting Statement(s) and Payment Here—Staple to Top Page Only



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REFUND/TAX PAYMENT SUMMARY

29	Enter amount from page 1, line 28. This is your Total Tax Liability	• 29		00
30	(a) Enter Kentucky income tax withheld as shown on attached 2012 Form W-2(s) and other supporting statements	• 30(a)		00
	(b) Enter 2012 Kentucky estimated tax payments.....	• 30(b)		00
	(c) Enter 2012 refundable certified rehabilitation credit (KRS 141.382(1)(b))	• 30(c)		00
	(d) Enter 2012 film industry tax credit (KRS 141.383)	• 30(d)		00
31	Add lines 30(a) through 30(d)	• 31		00
32	If line 31 is larger than line 29, enter AMOUNT OVERPAID (see instructions)	32		00
<i>Fund Contributions; See instructions.</i>				
33	Nature and Wildlife Fund <input type="checkbox"/> \$10 <input type="checkbox"/> \$25 <input type="checkbox"/> \$50 <input type="checkbox"/> Other	• 33		00
34	Child Victims' Trust Fund <input type="checkbox"/> \$10 <input type="checkbox"/> \$25 <input type="checkbox"/> \$50 <input type="checkbox"/> Other	• 34		00
35	Veterans' Program Trust Fund <input type="checkbox"/> \$10 <input type="checkbox"/> \$25 <input type="checkbox"/> \$50 <input type="checkbox"/> Other	• 35		00
36	Breast Cancer Research/Education Trust Fund <input type="checkbox"/> \$10 <input type="checkbox"/> \$25 <input type="checkbox"/> \$50 <input type="checkbox"/> Other	• 36		00
37	Add lines 33 through 36	37		00
38	Amount of line 32 to be CREDITED TO YOUR 2013 ESTIMATED TAX	• 38		00
39	Subtract lines 37 and 38 from line 32. Amount to be REFUNDED TO YOU	• 39	REFUND	00
40	If line 29 is larger than line 31, enter ADDITIONAL TAX DUE	• 40		00
41	(a) Estimated tax penalty and/or interest. <input type="checkbox"/> Check if Form 2210-K attached ...	41(a)		00
	(b) Interest	41(b)		00
	(c) Late payment penalty	41(c)		00
	(d) Late filing penalty.....	41(d)		00
42	Add lines 41(a) through 41(d). Enter here.....	• 42		00
43	Add lines 40 and 42 and enter here. This is the AMOUNT YOU OWE	43	OWE	00

- Make check payable to **Kentucky State Treasurer** or visit www.revenue.ky.gov for more options.
- Write your Social Security number and "KY Income Tax—2012" on the check.

OFFICIAL USE ONLY

PWR

SECTION A—BUSINESS INCENTIVE AND OTHER TAX CREDITS

	A. Spouse		B. Yourself	
1 Enter nonrefundable limited liability entity credit (KRS 141.0401(2))	1	00	1	00
2 Enter Kentucky small business investment credit	2	00	2	00
3 Enter skills training investment credit (attach copy(ies) of certification)	3	00	3	00
4 Enter nonrefundable certified rehabilitation credit (KRS 171.397(1)(a))	4	00	4	00
5 Enter credit for tax paid to another state (attach copy of other state's return(s))	5	00	5	00
6 Enter unemployment credit (attach Schedule UTC)	6	00	6	00
7 Enter recycling and/or composting equipment credit (attach Schedule RC)	7	00	7	00
8 Enter Kentucky investment fund credit (attach copy(ies) of certification)	8	00	8	00
9 Enter coal incentive credit.....	9	00	9	00
10 Enter qualified research facility credit (attach Schedule QR).....	10	00	10	00
11 Enter GED incentive credit (attach Form DAEL-31).....	11	00	11	00
12 Enter voluntary environmental remediation credit (attach Schedule VERB).....	12	00	12	00
13 Enter biodiesel and renewable diesel credit.....	13	00	13	00
14 Enter environmental stewardship credit.....	14	00	14	00
15 Enter clean coal incentive credit.....	15	00	15	00
16 Enter ethanol credit (attach Schedule ETH).....	16	00	16	00
17 Enter cellulosic ethanol credit (attach Schedule CELL)	17	00	17	00
18 Enter energy efficiency products credit (attach Form 5695-K)	18	00	18	00

Continue to page 3 to complete Section A



SECTION A—BUSINESS INCENTIVE AND OTHER TAX CREDITS (continued)		A. Spouse		B. Yourself	
19	Enter railroad maintenance and improvement credit (attach Schedule RR-1)	19		00	
20	Enter Endow Kentucky credit (attach Schedule ENDOW)	20		00	
21	Enter New Markets Development Program credit	21		00	
22	Add lines 1 through 21, Columns A and B. Enter here and on page 1, line 15 .	22		00	

SECTION B—PERSONAL TAX CREDITS **Check Regular** **Check both if 65 or over** **Check both if blind**

- 1 (a) Credits for yourself: ☐ ☐ ☐ ☐ ☐
- (b) Credits for spouse: ☐ ☐ ☐ ☐ ☐

1 Enter number of boxes checked on line 1

2 Dependents:

2 Enter number of dependents who:

First name	Last name	Dependent's Social Security number	Dependent's relationship to you	Check if qualifying child for family size tax credit
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

- lived with you
- did not live with you (see instructions)
- other dependents

3 Add total number of credits claimed on lines 1 and 2.

3 Enter total credits

If married filing separately on a combined return (Filing Status 2), each taxpayer must claim his or her own credits from line 1, divide the credits on line 2, and enter the totals in Boxes 3A and 3B. All other filers enter the amount from line 3 in Box 3B

Spouse Yourself

•3A	•3B
x \$20	x \$20
4A	4B

4 Multiply credits on line 3A by \$20 and enter on line 4A. Multiply credits on line 3B by \$20 and enter on line 4B. **Enter here and on page 1, line 17, Columns A and B**

SECTION C—FAMILY SIZE TAX CREDIT (List the name and Social Security number of qualifying children that are not claimed as dependents in Section B.)

First name	Last name	Social Security number	First name	Last name	Social Security number

Attach a complete copy of federal Form 1040 if you received farm, business, or rental income or loss. If not required, check here. ☐

I, the undersigned, declare under penalties of perjury that I have examined this return, including all accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. I also understand and agree that our election to file a combined return under the provisions of Regulation 103 KAR 17:020 will result in refunds being made payable to us jointly and in each of us being jointly and severally liable for all taxes accruing under this return.

Your Signature (If joint or combined return, both must sign.) Spouse's Signature Date Signed

()

Telephone Number (daytime)

Typed or Printed Name of Preparer Other than Taxpayer I.D. Number of Preparer Date

Firm Name EIN Date

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Mail to: **REFUNDS** Kentucky Department of Revenue, Frankfort, KY 40618-0006.



PAYMENTS Kentucky Department of Revenue, Frankfort, KY 40619-0008.

SCHEDULE A**Form 740**

42A740-A

Department of Revenue

**KENTUCKY ITEMIZED DEDUCTIONS**

➤ See instructions.

➤ Attach to Form 740.

2012

Enter name(s) as shown on Form 740, page 1.

Your Social Security Number

Medical and Dental Expenses	Do not include expenses reimbursed or paid by others.				
	1. Medical and dental expenses.....	1			
	2. Enter 7.5% (.075) of the amount from Form 740, line 9.....	2			
	3. Total medical and dental. Subtract line 2 from line 1. If zero or less, enter -0-.....		➤	3	00
Taxes <i>Note: Sales and use taxes and new motor vehicle taxes are not deductible.</i>	4. Local income taxes (do not include state income tax).....	4			
	5. Real estate taxes.....	5			
	6. Personal property taxes.....	6			
	7. Other taxes (list)	7			
	8. Total taxes. Add lines 4 through 7. Enter here	➤	8		00
Interest Expense <i>Note: Personal interest is not deductible.</i>	9. Home mortgage interest and points reported to you on federal Form 1098	9			
	10. Home mortgage interest not reported to you on federal Form 1098 (if paid to an individual, show that person's name, identifying number and address)	10			
	See instructions for lines 11 and 12.				
	11. Points not reported to you on federal Form 1098	11			
	12. Qualified mortgage insurance premiums	12			
	13. Investment interest (attach federal Form 4952 if required)	13			
	14. Total interest. Add lines 9 through 13. Enter here	➤	14		00
Contributions <i>Note: For any contribution of \$250 or more, see instructions.</i>	15. Contributions by cash or check.....	15			
	16. Other than cash or check (attach federal Form 8283 if over \$500)	16			
	17. Artistic charitable contributions deduction (attach copy of appraisal)	17			
	18. Carryover from prior year.....	18			
	19. Total contributions. Add lines 15 through 18. Enter here		➤	19	00
Casualty and Theft Losses	20. Enter amount from attached federal Form 4684, Section A, line 16.....	20			
	21. Enter 10% (.10) of the amount from Form 740, line 9.....	21			
	22. Total casualty or theft loss(es). Subtract line 21 from line 20. If zero or less, enter -0-	➤	22		00
Job Expenses and Most Other Miscellaneous Deductions	23. Unreimbursed employee expenses—job travel, union dues, job education, etc. (attach Form 2106 or 2106-EZ if applicable) list	23			
	24. Tax preparation fees	24			
	25. Other (investment, safe deposit box, etc.) list	25			
	26. Add the amounts on lines 23, 24 and 25. Enter here	26			
	27. Enter 2% (.02) of the amount from Form 740, line 9	27			
	28. Total. Subtract line 27 from line 26. If zero or less, enter -0-.....	➤	28		00
	29. Other (see instructions)	➤	29		00
Total Itemized Deductions	30. Add lines 3, 8, 14, 19, 22, 28 and 29. Enter here		➤	30	00

★ If single or married filing jointly, enter the total itemized deductions from line 30 on Form 740, line 10, column B.

★ All others go to page 2.

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Department of Revenue



2012

► Attach to Form 740 or Form 740-NP.

**KENTUCKY
EDUCATION TUITION TAX CREDIT**

Enter name(s) as shown on Form 740 or Form 740-NP, page 1.

Your Social Security Number

If you have a credit carry forward from previous years, see Page 2, Part V.

Caution: Requirements for the 2012 Kentucky Education Tuition Tax Credit are different from the federal education requirements. Please review instructions to determine if you meet the qualifications for this credit.

PART I—Qualifications

- Are all expenses claimed on this form from an eligible educational institution located within the Commonwealth of Kentucky (Kentucky institution)?
- Are all of the expenses claimed on this form for undergraduate studies?
- Is your Kentucky filing status single; married filing separately on a combined return; or married filing a joint return?

Yes No

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If you answered "No" to any of these questions above, **STOP**, you do not qualify for this credit.

If you answered "Yes" to all questions above, go to Part II.

PART II—Hope Credit (List only expenses from Kentucky institutions.) See Instructions

1.	(a) Student Name SSN	(c) Qualified Expenses (see instructions). Do not enter more than \$2,400 for each student.	(d) Enter the smaller of the amount in column (c) or \$1,200	(e) Add column (c) and column (d)	(f) Enter one-half of the amount in column (e)
		\$	\$	\$	\$
	(b) Institution Name and Address				

	(a) Student Name SSN	(c) Qualified Expenses (see instructions). Do not enter more than \$2,400 for each student.	(d) Enter the smaller of the amount in column (c) or \$1,200	(e) Add column (c) and column (d)	(f) Enter one-half of the amount in column (e)
		\$	\$	\$	\$
	(b) Institution Name and Address				

2. **Tentative Hope Credit.** Add the amounts on line 1, column (f). If you are taking the Lifetime Learning Credit for another student, go to Part III; otherwise, go to line 7 2

PART III—Lifetime Learning Credit

3.	(a) Student Name	(b) Student SSN	(c) Name and Address of Kentucky Institution	(d) Qualified Expenses (See instructions)

4. Add the amounts on line 3, column (d) and enter total here.....	4
5. Enter the smaller of line 4 or \$10,000	5
6. Tentative Lifetime Learning Credit. Multiply line 5 by 20% (.20), enter here	6
7. Tentative Kentucky Education Credits. Add lines 2 and 6, enter here and on Page 2, line 8.....	7

Note: If you have an unused credit from prior year(s), complete Page 2, Part V to determine your carryforward amount. You must have completed Form 8863-K in prior years to claim any allowable unused credit carryforward.



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PART IV—Allowable Education Credits

8. Enter tentative Kentucky Education Credits from page 1, line 7	8	
9. Enter: \$124,000 if married filing jointly or married filing separately on a combined return; \$62,000 if single.....	9	
10. Enter the amount from Form 1040, line 37, or Form 1040A, line 21	10	
11. Subtract line 10 from line 9. If zero or less, STOP; you cannot take any education credits for Kentucky.....	11	
12. Enter \$20,000 if married filing jointly or married filing separately on a combined return; \$10,000 if single	12	
13. If line 11 is equal to or more than line 12, enter the amount from line 8 on line 14 and go to line 15. If line 11 is less than line 12, divide line 11 by line 12. Enter the result as a decimal (rounded to at least three places).....	13	X .
14. Multiply line 8 by the decimal amount on line 13 and enter here.....	14	
15. Multiply the amount on line 14 by 25% (.25) and enter total here	15	
16. Enter tentative tax from Form 740 or Form 740-NP, page 1, line 22.....	16	
17. Enter amount from Part V, line 37. If Part V, line 37 is blank, enter -0-.....	17	
18. Subtract line 17 from line 16	18	
19. Enter the smaller of line 18 or line 15	19	
20. Add lines 17 and 19. Enter here and on Form 740 or Form 740-NP, line 23. This is your allowable 2012 education credit.....	20	
21. If line 18 is smaller than line 15, subtract line 18 from line 15. This is the amount of unused credit carryforward from 2012 to 2013 . Enter here and on the 2012 Carryforward Worksheet, Line E, provided below	21	

PART V—Credit Carryforward from Prior Years

22. Enter tentative tax from Form 740 or Form 740-NP, page 1, line 22.....	22	
23. Enter your credit carryforward from 2007.....	23	
24. Enter your credit carryforward from 2008.....	24	
25. Enter your credit carryforward from 2009.....	25	
26. Enter your credit carryforward from 2010.....	26	
27. Enter your credit carryforward from 2011	27	
28. Add lines 23 through 27 and enter total here	28	
29. Subtract line 23 from line 22. If zero or less, enter -0-.....	29	
30. Enter 2008 credit carryforward to 2013. Subtract line 29 from line 24. If zero or less, enter -0-..	30	
31. Subtract line 24 from line 29. If zero or less, enter -0-.....	31	
32. Enter 2009 credit carryforward to 2013. Subtract line 31 from line 25. If zero or less, enter -0-..	32	
33. Subtract line 25 from line 31. If zero or less, enter -0-.....	33	
34. Enter 2010 credit carryforward to 2013. Subtract line 33 from line 26. If zero or less, enter -0-..	34	
35. Subtract line 26 from line 33. If zero or less, enter -0-.....	35	
36. Enter 2011 credit carryforward to 2013. Subtract line 35 from line 27. If zero or less, enter -0-..	36	
37. Enter the smaller of line 22 or line 28	37	

2012 Carryforward Worksheet

- A. From Part V, Line 30, 2008 to 2013 _____
- B. From Part V, Line 32, 2009 to 2013 _____
- C. From Part V, Line 34, 2010 to 2013 _____
- D. From Part V, Line 36, 2011 to 2013 _____
- E. From Part IV, Line 21, 2012 to 2013 _____

**If you have a carryforward of credit, maintain a copy of this worksheet or Form 8863-K for your records.
This information will be needed to prepare future returns.**

22222		a Employee's social security number		OMB No. 1545-0008			
b Employer identification number (EIN)				1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code				3 Social security wages		4 Social security tax withheld	
				5 Medicare wages and tips		6 Medicare tax withheld	
				7 Social security tips		8 Allocated tips	
d Control number				9		10 Dependent care benefits	
e Employee's first name and initial Last name Suff.				11 Nonqualified plans		12a	
				13 Statutory employee Retirement plan Third-party sick pay		12b	
				14 Other		12c	
						12d	
f Employee's address and ZIP code							
15 state Employer's state ID number		16 State wages, tips, etc.		17 State income tax		18 Local wages, tips, etc.	
						19 Local income tax	
						20 Locality name	

For the year Jan. 1–Dec. 31, 2011, or other tax year beginning

, 2011, ending

, 20

See separate instructions.

Your first name and initial

Last name

Your social security number

If a joint return, spouse's first name and initial

Last name

Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions.

Apt. no.

▲ Make sure the SSN(s) above and on line 6c are correct.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).

Presidential Election Campaign

Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. ☐ You ☐ Spouse

Foreign country name

Foreign province/county

Foreign postal code

Filing Status

1 ☐ Single2 ☐ Married filing jointly (even if only one had income)3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶5 ☐ Qualifying widow(er) with dependent child

Check only one box.

Exemptions

6a ☐ Yourself. If someone can claim you as a dependent, do not check box 6ab ☐ Spouse

c Dependents:

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

If more than four dependents, see instructions and check here ▶ ☐

d Total number of exemptions claimed

Boxes checked on 6a and 6b

No. of children on 6c who:

• lived with you
• did not live with you due to divorce or separation (see instructions)

Dependents on 6c not entered above

Add numbers on lines above ▶

Income

7 Wages, salaries, tips, etc. Attach Form(s) W-2

8a Taxable interest. Attach Schedule B if required

b Tax-exempt interest. Do not include on line 8a

8b

9a Ordinary dividends. Attach Schedule B if required

b Qualified dividends

9b

10 Taxable refunds, credits, or offsets of state and local income taxes

11 Alimony received

12 Business income or (loss). Attach Schedule C or C-EZ

13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐

14 Other gains or (losses). Attach Form 4797

15a IRA distributions

15a

b Taxable amount

16a Pensions and annuities

16a

b Taxable amount

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E

18 Farm income or (loss). Attach Schedule F

19 Unemployment compensation

20a Social security benefits

20a

b Taxable amount

21 Other income. List type and amount

22 Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see instructions.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

Adjusted Gross Income

23 Educator expenses

24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ

25 Health savings account deduction. Attach Form 8889

26 Moving expenses. Attach Form 3903

27 Deductible part of self-employment tax. Attach Schedule SE

28 Self-employed SEP, SIMPLE, and qualified plans

29 Self-employed health insurance deduction

30 Penalty on early withdrawal of savings

31a Alimony paid b Recipient's SSN ▶

32 IRA deduction

33 Student loan interest deduction

34 Tuition and fees. Attach Form 8917

35 Domestic production activities deduction. Attach Form 8903

36 Add lines 23 through 35

37 Subtract line 36 from line 22. This is your adjusted gross income ▶